

**ABBEVILLE HARBOR
AND
TERMINAL DISTRICT
Abbeville, Louisiana**

Financial Report

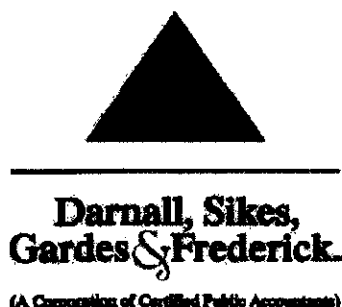
Years Ended December 31, 2006 and 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-25-07

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Abbeville Harbor and Terminal District
P. O. Box 507
Abbeville, Louisiana 70510

We have audited the accompanying financial statements of the business-type activities of the Abbeville Harbor and Terminal District as of and for the years ended December 31, 2006 and 2005, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Abbeville Harbor and Terminal District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Abbeville Harbor and Terminal District, as of December 31, 2006 and 2005, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 5, 2007 on our consideration of the Abbeville Harbor and Terminal District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihm, CPA, Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA/PFS, CFP™
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B. Moody, CPA
Erich G. Loewer, III, CPA, M.S. TAX
Lauren F. Hebert, CPA

Kathleen T. Darnall, CPA
Raegan D. Maggio, CPA
Barbara A. Clark, CPA
Michelle B. Bellard, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA
Barbara Ann Watts, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Heather N. Clement, CPA
Victoria M. LaPrairie, CPA
Emily J. LeBoeuf, CPA
Rachel W. Ashford, CPA
Dustin R. Buck, CPA
Veronica LeBleu, CPA

125 Rue Beauregard
Lafayette, LA 70508
Phone: 337.232.3312
Fax: 337.237.3614

1231 E. Laurel Ave.
Eunice, LA 70535
Phone: 337.457.4146
Fax: 337.457.5060

1201 Brinshear Ave.
Suite 301
Morgan City, LA 70380
Phone: 985.384.6264
Fax: 985.384.8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone: 337.893.5470
Fax: 337.893.5470

Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants
www.dsfcpas.com

The management's discussion and analysis on pages 3 through 5, are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Dannall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana

June 7, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Abbeville Harbor and Terminal District (District), we offer readers this narrative overview and analysis of the financial statements of the Abbeville Harbor and Terminal District for the years ended December 31, 2006 and 2005. Please read it in conjunction with the District's financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

The assets of the Abbeville Harbor and Terminal District exceeded its liabilities as of December 31, 2006 by approximately \$5.5 million (net assets).

During 2006, the District received FEMA reimbursement totaling \$309,518 for expenses repairing the Public Boat Launch and the By-Pass. \$370,890 was received from the State of Louisiana for continuation of the Bulkheading Program at the Port of Vermilion. This program is the first in a multi-year program to complete Bulkheading at the Port of Vermilion's Inner Channels. These Capital projects require local share participation in addition to State Capital Outlays. 2006 also saw the final payments for the \$222,000 dredging project at the Port of Vermilion as part of its ongoing maintenance program.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Abbeville Harbor and Terminal District's basic financial statements. The District is a special-purpose government engaged only in business-type activities.

The basic financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net assets, a statement of revenues, expenses, and changes in net assets and a statement of cash flows.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net assets presents information showing how the District's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise the change occurs, regardless of the timing of related cash flows.

The statement of cash flows presents changes in cash and cash equivalents from operational, financing, and investing activities. This statement presents cash receipt and disbursement information without consideration of the earnings event, when obligations arise, or depreciation of capital assets.

The basic financial statements can be found on pages 6-8 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 9-15 of this report. You should read the notes before making assumptions or drawing conclusions about the District's financial condition.

FINANCIAL ANALYSIS OF THE DISTRICT

The following table presents the condensed statement of net assets as of December 31, 2006 and 2005:

Abbeville Harbor and Terminal District

	<u>2006</u>	<u>2005</u>
Current assets	\$ 1,376,173	\$ 1,151,825
Capital assets	<u>4,216,660</u>	<u>4,599,471</u>
Total assts	<u>5,592,833</u>	<u>5,751,296</u>
Current liabilities	<u>93,885</u>	<u>71,484</u>
Net assets:		
Invested in capital assets, net of related debt	4,216,660	4,599,471
Restricted	-	-
Unrestricted	<u>1,282,288</u>	<u>1,080,341</u>
Total net assets	<u>\$ 5,498,948</u>	<u>\$ 5,679,812</u>

The assets of the Abbeville Harbor and Terminal District exceeded its liabilities as of December 31, 2006 by approximately \$5.5 million.

As of December 31, 2006, the largest portion of the District's net assets reflects its investment in capital assets net of depreciation (\$4.2 million) consisting of land, buildings, improvements and equipment. These assets are not available for future spending. At December 31, 2006 there was no debt related to any of the capital assets.

As of December 31, 2006, the District has no restricted net assets. The \$1.3 million in unrestricted net assets may be used to meet the District's ongoing operations.

The following table shows condensed revenue and expense data for the years ended December 31, 2006 and 2005:

Abbeville Harbor and Terminal District

	<u>2006</u>	<u>2005</u>
Operating revenues	\$ 318,000	\$ 266,101
Operating expenses	<u>1,530,276</u>	<u>946,859</u>
Operating loss	(1,212,276)	(680,758)
Net nonoperating revenues (expenses)	<u>660,522</u>	<u>304,013</u>
Net loss before contributions	(551,754)	(376,745)
Capital contributions	<u>370,890</u>	<u>128,769</u>
Change in net assets	(180,864)	(247,976)
Net assets, beginning of year	<u>5,679,812</u>	<u>5,927,788</u>
Net assets, end of year	<u>\$ 5,498,948</u>	<u>\$ 5,679,812</u>

The District generates the majority of its revenue through the leasing of various lots at the Port of Vermilion. The income generated from these leases has remained fairly consistent from year to year and leasing income for the year ended December 31, 2006 of \$257,061 compared to leasing income for the year ended December 31, 2005 of \$221,433. The District also generates revenue through rental income earned by renting unused office space at the District's administrative office building. Rental income was \$47,874 for the year ended December 31, 2006, which is up \$12,878 from 2005 due to rental increases and two tenants that had a full year of rent versus a half year of rent in 2005.

The District's net asset decrease of \$180,864 is due primarily to Bulkheading and dredging at the Port and Hurricane Rita repairs at the Boat Launch and the Freshwater Bayou By-Pass.

CAPITAL AND DEBT ADMINISTRATION

Capital assets. The Abbeville Harbor and Terminal District's capital assets as of December 31, 2006 were \$4.2 million (net of accumulated depreciation). These balances include land, buildings, improvements and equipment.

Major capital assets included the following:

Abbeville Harbor and Terminal District Fixed Assets as of December 31, 2006 and 2005

	2006	2005
Land	\$ 930,000	\$ 930,000
Land improvements	5,049,636	5,049,636
Bulkhead	4,376,432	4,376,432
Furniture and equipment	35,165	35,165
F.W. By Pass	253,486	253,486
Building and improvements	1,035,878	1,035,878
Boat Launch	567,454	567,454
Port improvements	98,859	98,859
Accumulated depreciation	(8,130,250)	(7,747,439)
	<u>\$ 4,216,660</u>	<u>\$ 4,599,471</u>

Long-term debt. As of December 31, 2006 and 2005, the District had no long-term debt.

REPORTS FOR INFORMATION

This financial report is designed to provide a general overview of the Abbeville Harbor and Terminal District's finances. Questions concerning this report or requests for additional information should be addressed to Mr. Jay Campbell, Executive Director, Abbeville Harbor and Terminal District, 124 North Street, Abbeville, LA 70510.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Statements of Net Assets
December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	62,405	49,172
Interest-bearing deposits	1,016,535	847,065
Receivables:		
Ad valorem taxes	242,413	223,315
State revenue sharing	17,382	16,388
Other	15,786	5,646
Prepaid insurance	20,647	9,234
Other	<u>1,005</u>	<u>1,005</u>
Total Current Assets	<u>1,376,173</u>	<u>1,151,825</u>
 Fixed Assets		
Property, plant and equipment	12,346,910	12,346,910
Less accumulated depreciation	<u>(8,130,250)</u>	<u>(7,747,439)</u>
	<u>4,216,660</u>	<u>4,599,471</u>
 Total Assets	<u>5,592,833</u>	<u>5,751,296</u>
 LIABILITIES		
Accounts payable	87,341	66,489
Deferred income	<u>6,544</u>	<u>4,995</u>
 Total Liabilities	<u>93,885</u>	<u>71,484</u>
 NET ASSETS		
Invested in Capital Assets, net of debt	4,216,660	4,599,471
Restricted	-	-
Unrestricted	<u>1,282,288</u>	<u>1,080,341</u>
 Total Net Assets	<u>\$ 5,498,948</u>	<u>\$ 5,679,812</u>

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana
Statements of Revenues, Expenses and Changes in Net Assets
Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES:		
Leases and fees	\$ 318,000	\$ 266,101
OPERATING EXPENSES:		
Advertising and promotion	6,372	9,461
Auto expense	8,400	8,400
Board meetings	3,978	3,695
Depreciation	382,811	381,095
Dredging	147	165,661
Dues and subscriptions	2,300	2,122
Employee retirement	6,097	5,823
Feasibility study	28,782	-
Insurance	52,802	45,240
Janitorial	5,916	5,688
Land lease	8,640	8,640
Miscellaneous	21,653	2,954
Office equipment	36,585	1,945
Office supplies	8,978	8,385
Pension	8,746	8,316
Postage	702	843
Professional fees	428,433	37,810
Rent	2,040	1,510
Repairs and maintenance	380,244	120,392
Salaries	106,030	101,271
Payroll taxes	8,419	8,066
Telephone	8,810	5,280
Utilities	13,391	14,262
Total operating expenses	<u>1,530,276</u>	<u>946,859</u>
Operating loss	<u>(1,212,276)</u>	<u>(680,758)</u>
NON-OPERATING REVENUES (EXPENSES):		
Ad valorem taxes	270,882	254,118
State revenue sharing	25,844	25,714
Interest income	43,488	23,785
Miscellaneous income	10,790	396
FEMA reimbursements	309,518	-
Total non-operating revenues	<u>660,522</u>	<u>304,013</u>
Net loss before contributions	<u>(551,754)</u>	<u>(376,745)</u>
CAPITAL CONTRIBUTIONS:		
U.S. Government	-	89,569
State of Louisiana	370,890	39,200
	<u>370,890</u>	<u>128,769</u>
Change in net assets	(180,864)	(247,976)
Total net assets, beginning of year	<u>5,679,812</u>	<u>5,927,788</u>
Total net assets, end of year	<u>\$ 5,498,948</u>	<u>\$ 5,679,812</u>

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana
Statements of Cash Flows
Years Ended December 31, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 318,000	\$ 256,053
Payments to suppliers	(1,046,163)	(378,546)
Payments to employees and related benefits	(120,546)	(117,653)
Net cash used by operating activities	<u>(848,709)</u>	<u>(240,146)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	270,882	253,340
State revenue sharing	25,844	26,287
FEMA reimbursements	309,518	-
Other Income	10,790	-
Net cash provided by noncapital financing activities	<u>617,034</u>	<u>279,627</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal grant proceeds	-	89,569
State grant proceeds	370,890	39,200
Purchase of capital assets	-	-
Acquisition and construction on capital assets	-	(192,619)
Principal paid on certificates of indebtedness	-	-
Interest paid on certificates of indebtedness	-	-
Net cash used by capital and related financing activities	<u>370,890</u>	<u>(63,850)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on interest bearing deposits	<u>43,488</u>	<u>24,387</u>
Net increase in cash and cash equivalents	182,703	18
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>896,237</u>	<u>896,219</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,078,940</u>	<u>\$ 896,237</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating loss	\$ (1,212,276)	\$ (680,758)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	382,811	381,095
Increase in accounts receivable	(30,232)	20,621
Increase in prepaid expenses	(11,413)	(1,403)
Increase in deferred revenues	1,549	-
Increase in accounts payable	<u>20,852</u>	<u>40,299</u>
Net cash used by operating activities	<u>\$ (848,709)</u>	<u>\$ (240,146)</u>

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Abbeville Harbor and Terminal District (District) is a political subdivision of the State of Louisiana created under Louisiana Revised Statute 34:333. The District is governed by a Board of Commissioners which consists of six members who serve without compensation. Three of the members are appointed by the City of Abbeville and three members are appointed by the Vermilion Parish Police Jury. The Board is responsible for the regulation of commerce and traffic within the harbor and terminal district.

The operations of the District, which oversee the Port of Vermilion, are managed through an executive director who also services as port director. The Port is located along the Vermilion River in Vermilion Parish and contains 100 acres of land consisting of various sites available for leasing.

The accounting and reporting policies of the Abbeville Harbor and Terminal District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. Such accounting and reporting procedures also conform to the guides set forth in the industry audit guide, *Audits of State and Local Governmental Units* and the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Abbeville Harbor and Terminal District. There are no component units of the Abbeville Harbor and Terminal District.

Fund Accounting

The Abbeville Harbor and Terminal District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis is to be financed or recovered primarily through user charges.

Basis of Accounting

The District has implemented GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The accounting financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise funds use the accrual basis of accounting . Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The District's Enterprise fund uses the following practices in recording certain revenues and expenses:

Revenues: Lease rentals are recorded when earned. Ad valorem taxes and state revenue sharing are recorded in the year the taxes are due and payable. Interest income is recorded when earned. All other revenues are recorded when earned.

Expenses: Expenditures are recorded in the period that the liabilities are incurred.

Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the District.

Cash and Interest-Bearing Deposits

Cash represents non interest-bearing demand deposits.

Interest-bearing deposits include interest-bearing demand deposits and short-term time deposits. These interest-bearing deposits are stated at cost which approximates market.

Under state law, the District may deposit funds with a fiscal bank organized under the laws of the State of Louisiana, the laws of any other state in the union or the laws of the United States. Further, the District may invest in time deposits or certificates-of-deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

For the purpose of the statement of cash flows, the District considers only interest-bearing deposits with an initial maturity date of 90 days or less and all non-interest-bearing demand deposits to be cash and cash equivalents.

Fixed Assets

Fixed assets used in the proprietary fund type operations are valued at historical costs. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Machinery and Equipment	5 years
Buildings	30 years
Improvements	20-30 years

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Revenues collected during the year ended December 31, 2006 that are not available to finance the operations of the current period are reported as deferred revenues and are recognized as operating revenues in the subsequent period.

Compensated Absences

The District has two full-time employees, but has not adopted a formal policy on vacation and sick leave. Annual vacation and sick leave are granted at the discretion of the Board.

Due to uncertainty of actual amounts, which will be paid for vacation and sick leave, no accruals have been made at December 31, 2006 and 2005 for such absences.

Fund Equity

Restrictions represent those portions of fund equity not appropriable for general expenditures and are legally segregated for specific future use.

Capitalization of Interest Expense

It is the policy of the Abbeville Harbor and Terminal District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. There was no interest capitalized during the years ended December 31, 2006 and 2005.

Accounting Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities. Accordingly, actual results could differ from those estimates.

NOTE 2 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. These taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. During the years ended December 31, 2006 and 2005 the District was authorized, and levied, a 2.46 mill ad valorem tax.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

As reflected, the Abbeville Harbor and Terminal District has cash and interest-bearing deposits (book balances) totaling \$1,078,940 as follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$ 62,405	\$ 49,172
Interest-bearing deposits	<u>1,016,535</u>	<u>847,065</u>
Totals	<u>\$ 1,078,940</u>	<u>\$ 896,237</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2006 and 2005 are secured as follows:

	<u>2006</u>	<u>2005</u>
Bank balances	\$ 1,152,076	\$ 905,259
Federal deposit insurance	<u>400,000</u>	<u>353,565</u>
Balance uninsured	<u>752,076</u>	<u>551,694</u>
Pledged securities (category 3)	<u>2,000,933</u>	<u>1,542,261</u>
Excess FDIC insurance and pledged securities over cash and investments	<u>\$ 1,248,857</u>	<u>\$ 990,567</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the pledging institution, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

At December 31, 2006, interest-bearing deposits consisted of the following:

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Insured Money Market	N/A	N/A	Various	\$ 538,466
Certificates of Deposit	30 days	1/21/2007	4.80%	191,818
	30 days	1/21/2007	4.80%	143,107
	30 days	1/21/2007	4.80%	<u>143,144</u>
Total				<u>\$1,016,535</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 4 PROPERTY PLANT AND EQUIPMENT

A summary of changes in the proprietary fund type property, plant and equipment for the year ended December 31, 2006 is as follows:

	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006
Land	\$ 930,000	\$ -	\$ -	\$ 930,000
Land improvements	5,049,636	-	-	5,049,636
Bulkhead	4,376,432	-	-	4,376,432
Furniture and equipment	35,165	-	-	35,165
F.W. By Pass	253,486	-	-	253,486
Building and improvements	1,035,878	-	-	1,035,878
Boat Launch	567,454	-	-	567,454
Port improvements	98,859	-	-	98,859
	12,346,910	-	-	12,346,910
Accumulated depreciation	(7,747,439)	(382,811)	-	(8,130,250)
Net property, plant and equipment	<u>\$ 4,599,471</u>	<u>\$ (382,811)</u>	<u>\$ -</u>	<u>\$ 4,216,660</u>

NOTE 5 LEASE OF LAND BY DISTRICT

The District is presently leasing five acres of land from Weill Enterprises for a primary period of ten years with the option of renewing the lease for an additional eight successive terms of five years each immediately following the primary term.

The minimum annual commitments under this lease for the primary term are as follows:

2007	\$ 8,640
2008	<u>8,640</u>
Total	<u>\$ 17,280</u>

NOTE 6 LEASE OF LAND AND FACILITIES TO OTHERS

The minimum future rental on noncancelable operating leases of land and facilities to others at the Port of Vermilion are as follows:

2007	\$ 272,043
2008	194,081
2009	107,387
2010	94,971
2011	78,944
Thereafter	<u>295,794</u>
Total	<u>\$ 1,043,220</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 6 LEASE OF LAND AND FACILITIES TO OTHERS (Continued)

The minimum future rental on noncancelable operating leases of office space at the District Office Building are as follows:

2007	\$ 48,360
2008	30,360
2009	<u>13,631</u>
Total	<u>\$ 92,351</u>

Although the District anticipates all leases will be renewed, the above figures do not reflect the various renewal options provided to the lessees in lease agreements.

NOTE 7 RETIREMENT COMMITMENTS

All employees of the District who are hired on a permanent basis not participating in another public funded retirement system are required to participate in the Louisiana State Employees Retirement System. The District participates in the Parochial Employees' Retirement System of Louisiana.

State statute requires covered employees to contribute 3.00 percent of their salaries to the System. The System requires an employer contribution for the years ended December 31, 2006 and 2005 equal to 5.75% of each member's salary for wages paid to members. The District's contribution to the System for the year ended December 31, 2006, 2005 and 2004 were \$6,093, \$5,823 and \$5,064 respectively, equal to the required contribution for the year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619, (225)928-1361.

NOTE 8 POST EMPLOYMENT BENEFITS

The District does not provide any post retirement healthcare or life insurance benefits.

NOTE 9 LITIGATION

There is no litigation pending against the District at December 31, 2006 and 2005.

NOTE 10 COMPENSATION PAID TO MEMBERS OF THE BOARD OF COMMISSIONERS

The commissioners of the District receive no compensation.

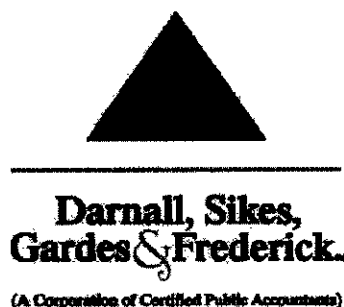
ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 11 COOPERATIVE AGREEMENT

The District entered into a cooperative agreement with the Vermilion Parish Sheriff Department for water patrol within the District. The District purchased a boat; however, the boat is titled to the Sheriff's Department for liability purposes and the boat will revert back to the District if either the District or the Sheriff does not renew the cooperative agreement. The Sheriff will obtain all licenses for the boat and provide and document regular maintenance of the boat. The District also provides the quarters above the boat house at the Intracoastal Launch for use as a Sheriff's substation. The cooperative agreement is renewed every four years when the Sheriff begins his/her new term of office.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION**



**Report on Internal Control over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Commissioners
Abbeville Harbor and Terminal District
Abbeville, Louisiana

We have audited the financial statements of the business-type activities of the Abbeville Harbor and Terminal District as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 7, 2007. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Abbeville Harbor and Terminal District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Abbeville Harbor and Terminal District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Abbeville Harbor and Terminal District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihn, CPA, Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA/PFS, CFP™
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B. Moody, CPA
Erich G. Loewer, III, CPA, M.S. TAX
Lauren F. Hebert, CPA

Kathleen T. Darnall, CPA
Raegan D. Maggio, CPA
Barbara A. Clark, CPA
Michelle B. Bellard, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA
Barbara Ann Watts, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Heather N. Clement, CPA
Victoria M. LaPrairie, CPA
Emily J. LeBoeuf, CPA
Rachel W. Ashford, CPA
Dustin R. Buck, CPA
Veronica LeBleu, CPA

125 Rue Beauregard
Lafayette, LA 70508
Phone: 337.232.3312
Fax: 337.237.3614

1231 E. Laurel Ave.
Eunice, LA 70535
Phone: 337.457.4146
Fax: 337.457.5060

1201 Brashear Ave.
Suite 301
Morgan City, LA 70380
Phone: 985.384.6264
Fax: 985.384.8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone: 337.893.5470
Fax: 337.893.5470

Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants
www.dstcpas.com

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did note a certain matter that we consider to be a control deficiency and a material weakness and is described in the accompanying schedule of findings and questioned costs as item 06-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Abbeville Harbor and Terminal District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of prior year noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 05-2.

This report is intended solely for the information of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dunnall, Sikes, Gaudes & Frederick
A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 7, 2007

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2006

SECTION 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Abbeville Harbor and Terminal District's financial statements as of and for the year ended December 31, 2006.

Reportable Conditions – Financial Reporting

Reportable conditions in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 06-1 in Section 2, and is considered a material weakness.

Material Noncompliance – Financial Reporting

No instances of noncompliance material to the financial statements was noted during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

This section is not applicable for the year ended December 31, 2006.

SECTION 2 FINDINGS RELATING TO THE AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

06-1 Segregation of Duties

Finding: Due to the small number of personnel, the Abbeville Harbor and Terminal District did not have adequate segregation of duties within the accounting department.

Recommendation: Based on the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

SECTION 3 FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

At December 31, 2006, the Abbeville Harbor and Terminal District did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore, this section is not applicable.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Prior Year Findings
Year Ended December 31, 2005

05-1 Findings: Segregation of Duties

Status: This finding is unresolved. See current year finding 06-1.

05-2 Findings: Annual reports

Status: This finding is resolved. The 2005 annual report was sent to the required parties and published as required by R.S. 34:333.5.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Corrective Action Plan
Year Ended December 31, 2006

Response to findings:

06-1 Segregation of Duties

Based on the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties.